

AMENDED IN SENATE MAY 2, 2005

SENATE BILL

No. 1078

Introduced by Senator Simitian

February 22, 2005

An act to amend Sections 47632 and 47635 of the Education Code, relating to education finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1078, as amended, Simitian. Education finance: *charter schools*.

(1) Existing law defines "sponsoring local educational agency" for purposes of provisions governing charter schools.

This bill would include within that definition, only for the purpose of transferring amounts in lieu of property taxes ~~and~~ for pupils who reside in, and are otherwise eligible to attend school in, a basic aid school district, *as defined*, but who attend a charter school authorized by a nonbasic aid *school* district or county office of education, the basic aid *school* district, ~~as defined~~.

(2) Existing law requires a local educational agency that sponsors a charter school annually to transfer to each of its charter schools a prescribed amount of funding in lieu of funding available through property taxes and exempts from this requirement funding for pupils who reside in, and are otherwise eligible to attend a school in, a basic aid school district, but who attend a charter school in a nonbasic aid school district. Existing law requires the sponsoring basic aid school district to transfer to the charter school an amount of funds equivalent to the revenue limit earned through average daily attendance by the charter school for each pupil's attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing in and attending the basic aid school district.

This bill would, commencing with the 2005-06 fiscal year, revise the manner in which the amount to be transferred by ~~the a~~ sponsoring ~~basic aid district~~ *local educational agency, as defined above*, to the charter school is determined according to specific formulas. The bill would declare that the intent of this revision is to increase the amount of local property tax revenue retained by basic aid *school* districts, and that any costs associated with the revision shall be offset by the increase.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 47632 of the Education Code is
2 amended to read:

3 47632. For purposes of this chapter, the following terms shall
4 be defined as follows:

5 (a) "General-purpose entitlement" means an amount computed
6 by the formula set forth in Section 47633 beginning in the
7 1999–2000 fiscal year, which is based on the statewide average
8 amounts of general-purpose funding from those state and local
9 sources identified in Section 47633 received by school districts
10 of similar type and serving similar pupil populations.

11 (b) "Categorical block grant" means an amount computed by
12 the formula set forth in Section 47634 beginning in the
13 1999–2000 fiscal year, which is based on the statewide average
14 amounts of categorical aid from those sources identified in
15 Section 47634 received by school districts of similar type and
16 serving similar pupil populations.

17 (c) "General-purpose funding" means those funds that consist
18 of state aid, local property taxes, and other revenues applied
19 toward a school district's revenue limit, pursuant to Section
20 42238.

21 (d) "Categorical aid" means aid that consists of state or
22 federally funded programs, or both, which are apportioned for
23 specific purposes set forth in statute or regulation.

24 (e) "Educationally disadvantaged pupils" means those pupils
25 who are eligible for subsidized meals pursuant to Section 49552

1 or are identified as English learners pursuant to subdivision (a) of
2 Section 306, or both.

3 (f) “Operational funding” means all funding except funding
4 for capital outlay.

5 (g) “School district of a similar type” means a school district
6 that is serving similar grade levels.

7 (h) “Similar pupil population” means similar numbers of
8 pupils by grade level, with a similar proportion of educationally
9 disadvantaged pupils.

10 (i) “Sponsoring local educational agency” means the
11 following:

12 (1) In the cases where a charter school is granted by a school
13 district, the sponsoring local educational agency is the school
14 district, except as provided in paragraph (6).

15 (2) In cases where a charter is granted by a county office of
16 education after having been previously denied by a school
17 district, the sponsoring local educational agency means the
18 school district that initially denied the charter petition, except as
19 provided in paragraph (6).

20 (3) In cases where a charter is granted by the State Board of
21 Education after having been previously denied by a local
22 educational agency, the sponsoring local educational agency
23 means the local educational agency designated by the State
24 Board of Education pursuant to paragraph (1) of subdivision (k)
25 of Section 47605 or if a local educational agency is not
26 designated, the local educational agency that initially denied the
27 charter petition, except as provided in paragraph (6).

28 (4) For pupils attending county-sponsored charter schools who
29 are eligible to attend those schools solely as a result of parental
30 request pursuant to subdivision (b) of Section 1981, the
31 sponsoring local educational agency means the pupils’ school
32 district of residence, except as provided in paragraph (6).

33 (5) For pupils attending countywide charter schools pursuant
34 to Section 47605.6 who reside in a basic aid school district, the
35 sponsoring local educational agency means the school district of
36 residence of the pupil, except as provided in paragraph (6).

37 (6) (A) For the sole purpose of transferring amounts in lieu of
38 property taxes as provided in Section 47635, for pupils who
39 reside in and are otherwise eligible to attend school in a basic aid
40 school district, *as defined in subparagraph (B)*, but who attend a

1 charter school authorized by a nonbasic aid school district or
2 county office of education, the sponsoring local educational
3 agency is the basic aid school district.

4 ~~(j)~~

5 ~~(B)~~ For purposes of this ~~section~~ *subdivision*, “basic aid school
6 district” means a school district that does not receive an
7 apportionment of state funds pursuant to subdivision (h) of
8 Section 42238.

9 SEC. 2. Section 47635 of the Education Code is amended to
10 read:

11 47635. (a) A sponsoring local educational agency, other than
12 those defined in paragraph (6) of subdivision (i) of Section
13 47632, shall annually transfer to each of its charter schools
14 funding in lieu of property taxes equal to the lesser of the
15 following two amounts:

16 (1) The average amount of property taxes per unit of average
17 daily attendance, including average daily attendance attributable
18 to charter schools, received by the local educational agency,
19 multiplied by the charter school’s average daily attendance.

20 (2) The statewide average general-purpose funding per unit of
21 average daily attendance received by school districts, as
22 determined by the State Department of Education, multiplied by
23 the charter school’s average daily attendance in each of the four
24 corresponding grade level ranges: kindergarten and grades 1, 2,
25 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,
26 inclusive.

27 (b) For the 2005-06 fiscal year, a sponsoring local educational
28 agency, as defined in paragraph ~~(5)~~ (6) of subdivision (i) of
29 Section 47632, shall annually transfer to each of its charter
30 schools funding in lieu of property taxes equal to the lesser of the
31 following two amounts:

32 (1) The average amount of property taxes per unit of average
33 daily attendance, including average daily attendance attributable
34 to charter schools, received by the local educational agency,
35 multiplied by the charter school’s average daily attendance,
36 multiplied by 30 percent.

37 (2) The statewide average general-purpose funding per unit of
38 average daily attendance received by school districts, as
39 determined by the State Department of Education, multiplied by
40 the charter school’s average daily attendance in each of the four

1 corresponding grade level ranges: kindergarten and grades 1, 2,
2 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,
3 inclusive.

4 (c) For the 2006-07 fiscal year, a sponsoring local educational
5 agency, as defined in paragraph~~-(5)~~ (6) of subdivision (i) of
6 Section 47632, shall annually transfer to each of its charter
7 schools funding in lieu of property taxes equal to the lesser of the
8 following two amounts:

9 (1) The average amount of property taxes per unit of average
10 daily attendance, including average daily attendance attributable
11 to charter schools, received by the local educational agency,
12 multiplied by the charter school's average daily attendance,
13 multiplied by 50 percent.

14 (2) The statewide average general-purpose funding per unit of
15 average daily attendance received by school districts, as
16 determined by the State Department of Education, multiplied by
17 the charter school's average daily attendance in each of the four
18 corresponding grade level ranges: kindergarten and grades 1, 2,
19 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,
20 inclusive.

21 (d) Commencing with the 2007-08 fiscal year and each fiscal
22 year thereafter, a sponsoring local educational agency, as defined
23 in paragraph~~-(5)~~ (6) of subdivision (i) of Section 47632, shall
24 annually transfer to each of its charter schools funding in lieu of
25 property taxes equal to the lesser of the following two amounts:

26 (1) The average amount of property taxes per unit of average
27 daily attendance, including average daily attendance attributable
28 to charter schools, received by the local educational agency,
29 multiplied by the charter school's average daily attendance,
30 multiplied by 70 percent.

31 (2) The statewide average general purpose funding per unit of
32 average daily attendance received by school districts, as
33 determined by the State Department of Education, multiplied by
34 the charter school's average daily attendance in each of the four
35 corresponding grade level ranges: kindergarten and grades 1, 2,
36 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,
37 inclusive.

38 (e) The sponsoring local educational agency shall transfer
39 funding in lieu of property taxes to the charter school in monthly
40 installments, by no later than the 15th of each month.

(1) For the months of August to February, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes received by the sponsoring local educational agency during the preceding fiscal year, as reported to the Superintendent for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to the charter school the charter school's estimated annual entitlement to funding in lieu of property taxes as follows:

(A) Six percent in August.

(B) Twelve percent in September.

(C) Eight percent each month in October, November, December, January, and February.

(2) For the months of March to June, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the fiscal year, as reported to the Superintendent for purposes of the first principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to one-sixth of the difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraph (1). An additional one-sixth of this difference shall be included in the amount transferred in the month of March.

(3) For the month of July, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the prior fiscal year, as reported to the Superintendent for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to the remaining difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraphs (1) and (2).

(4) Final adjustments to the amount of funding in lieu of property taxes allocated to a charter school shall be made in February, in conjunction with the final reconciliation of annual apportionments to schools.

(f) The Legislature finds and declares that the net effect of subdivisions (b), (c), and (d), is to increase the amount of local

1 property tax revenue retained by basic aid *school* districts. Thus,
2 any costs associated with subdivisions (b), (c), and (d), including
3 any reporting requirements necessary to implement this section,
4 shall be offset by that amount of increased local property tax
5 revenue.

6 SEC. 3. This act is an urgency statute necessary for the
7 immediate preservation of the public peace, health, or safety
8 within the meaning of Article IV of the Constitution and shall go
9 into immediate effect. The facts constituting the necessity are:

10 In order to effect General Fund savings through the formula for
11 funding pupils who reside in basic aid school districts, but attend
12 charter schools authorized by a nonbasic aid school district, at the
13 earliest possible time, it is necessary that this act take effect
14 immediately.